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MARCH 1, 1974

TO: HENRY A. KISSINGER  
FROM: BRENT SCOWCROFT

FOLLOWING ARE TWO DOCUMENTS RELATED TO THE UPCOMING HEARINGS ON THE TRADE BILL, WHICH GIVE YOU SOME FLAVOR OF THE WAY THINGS ARE DEVELOPING. BY SEPARATE CABLE WE ARE PROVIDING COMMENTS, ESPECIALLY ON THE PHILOSOPHY OF THE EBERLE MEMORANDUM, AND REQUESTING GUIDANCE.

MEMORANDUM FOR: SECRETARY KISSINGER  
FROM: TOM C. KOROLOGOS

SUBJECT: TRADE HEARINGS

ON MARCH 7, WHEN YOU APPEAR BEFORE THE SENATE FINANCE COMMITTEE FOR THE HEARINGS ON THE TRADE BILL, SENATOR GAYLORD NELSON (D-WISC) IS GOING TO ASK YOU ABOUT A PROPOSAL WHICH HE SAYS MIGHT SOLVE THE JACKSON AMENDMENT PROBLEM.

NELSON IS GOING TO RECOMMEND THAT IN LIEU OF THE JACKSON AMENDMENT THEY WRITE INTO LAW A TWO-YEAR MFN/CREDITS CONGRESSIONAL REVIEW PROVISION. THE POINT WOULD BE THAT EVERY TWO YEARS CONGRESS WOULD TAKE A NEW LOOK AT HOW THE SOVIETS WERE DOING ON ALLOWING PEOPLE TO LEAVE. IF THE FIGURES WERE HIGH ENOUGH (30,000?) THEY WOULD CONTINUE TO RECEIVE MFN/CREDITS. BUT, IF THE TOTALS DROPPED TO A LOW FIGURE (10,000 OR LESS OR SOMETHING) ONE HOUSE OF CONGRESS COULD PASS A RESOLUTION OF DISAPPROVAL (ALA OUR REORGANIZATION AND PAY PLANS) AND THE SOVIETS WOULD LOSE THEIR MFN/CREDITS.

NELSON FEELS THIS IS MUCH BETTER THAN THE JACKSON AMENDMENT BECAUSE IT WOULD BE A "LEVER" (YOUR WORD) THAT COULD BE USED ON THEM EVERY TWO YEARS. HE FEELS THE REASON THE SOVIETS HAVE BEEN LENIENT LATELY IS BECAUSE OF THE "THREAT" OF THE JACKSON AMENDMENT. IF IT PASSES, THE "THREAT" OR "LEVER" DISAPPEARS AND THE SOVIETS COULD REVERT TO THEIR OLD EVIL

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WAYS.

NELSON FEELS HE CAN SELL THIS PLAN TO THE JEWISH GROUPS (WITH OUR HELP) AND HE WANTS TO TRY IT ON YOU ON MARCH 7. HE FLOATED IT WITH LONG THE OTHER NIGHT AND LONG SOUNDED RECEPTIVE.

IT MAKES SOME SENSE TO ME AND COULD BE OUR WAY OUT OF THIS MESS. AT ANY RATE, BE READY FOR THE QUESTION.

MEMORANDUM FOR THE HONORABLE HENRY A. KISSINGER  
SECRETARY OF STATE  
FROM: AMBASSADOR W.D. EBERLE  
SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS  
SUBJECT: TITLE IV OF THE TRADE BILL: URGENT CONSIDERATIONS

IT IS FAIR TO SAY THAT YOU PROBABLY HOLD THE FATE OF THE TRADE BILL IN YOUR HANDS, WITH YOUR TESTIMONY ON RESOLUTION OF THE TITLE IV JACKSON-VANIK ISSUE. FROM OUR PERSPECTIVE, WE FEEL THERE IS A POSSIBILITY FOR AN ACCEPTABLE COMPROMISE BETWEEN YOURSELF AND SENATOR JACKSON. HOWEVER, IT APPEARS THAT SENATOR JACKSON EXPECTS TO RESOLVE THIS MATTER DIRECTLY WITH YOU. IT IS CLEAR THAT YOUR TESTIMONY BEFORE THE SENATE FINANCE COMMITTEE ON THURSDAY, MARCH 7TH, WILL BE A CRITICAL ELEMENT IN THE SCENARIO LEADING TOWARDS A RESOLUTION OF THIS ISSUE. IF THE ISSUE APPEARS UNRESOLVABLE, THERE IS SOME DOUBT THAT THE SENATE FINANCE COMMITTEE WILL CONTINUE THE HEARINGS WITH THE MANY PUBLIC WITNESSES WHO HAVE REQUESTED TO APPEAR. IT IS THE COMMITTEE'S IMPRESSION, THAT UNLESS THE TITLE IV ISSUE MAY BE RESOLVED, THEY WOULD BE WASTING TIME ON A BILL WHICH HAS LITTLE CHANCE OF BECOMING LAW.

I HAVE PERSONALLY SEEN SENATOR JACKSON BRIEFLY IN THE CONTEXT OF A LARGER MEETING. I HAVE ALSO HAD EXTENSIVE DISCUSSIONS WITH SENATOR JACKSON'S STAFF (ALSO SENATOR RIBICOFF'S STAFF), PARTICULARLY DICK PERLE. IN ADDITION, I AND MY GENERAL COUNSEL AND ACTING DEPUTY, JOHN JACKSON, HAVE HAD VARIOUS CONTACTS WITH MEMBERS OF THE JEWISH COMMUNITY LEADERSHIP, SOME OF THEM CLOSE TO THE JACKSON FORCES. WE HAVE ALSO HAD A DIRECT CONVERSATION WITH CONGRESSMAN VANIK ON THE MATTER. THE FOLLOWING REPRESENTS SOME OF OUR CONCLUSIONS.

1) THE JEWISH LEADERSHIP ACCEPT SENATOR JACKSON'S LEADERSHIP ON THIS ISSUE, AND MEMBERS OF CONGRESS UNIFORMLY INDICATE TO US THAT WHATEVER SENATOR JACKSON ACCEPTS THEY ARE WILLING TO ACCEPT, AND THAT NO ONE ELSE CAN SOLVE THE ISSUE. SENATOR JACKSON, AS I INDICATED, EXPECTS TO DEAL DIRECTLY WITH YOU.

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2) WE HAVE RECEIVED INFORMATION THAT IT WOULD BE VERY USEFUL, IF NOT ESSENTIAL, THAT TWO SIGNALS BE INDICATED TO SENATOR JACKSON OR HIS PEOPLE:

A) THAT IS IT UNDERSTOOD THAT THERE WILL HAVE TO BE SOMETHING IN THE TRADE BILL LINKING EMIGRATION TO MFN AND CREDITS, THE SO-CALLED "LINK"; (YOU PRIVATELY CLEARED A COMPROMISE PROPOSAL LAST FALL THAT ACCEPTED THE "LINK.")

B) THAT THERE IS SOME FLEXIBILITY ON THE PART OF THE ADMINISTRATION THAT MAKES IT WORTHWHILE FOR A MEETING BETWEEN YOURSELF AND SENATOR JACKSON, TO RESOLVE THE ISSUE.

3) THE JEWISH GROUPS ARE WELL ORGANIZED, AND THEIR LOBBYISTS ARE READY AND POISED TO "BLITZ THE HILL." IN ADDITION, THERE WILL BE IMPORTANT JEWISH WITNESSES PREPARED TO TESTIFY BEFORE THE SENATE FINANCE COMMITTEE. WE HAVE RECEIVED INFORMATION THAT THE JEWISH GROUPS HOPE TO CONSOLIDATE AND CONTROL THEIR WITNESS APPEARANCES, SO AS TO BE ABLE TO MUTE THEIR TESTIMONY (SOFTEN ITS "STRIDENCY") IF THE RIGHT SIGNALS COME THROUGH. NO SIGNALS COULD MAKE IT MORE DIFFICULT TO NEGOTIATE A SETTLEMENT.

4) IDEALLY, THE MEETING BETWEEN YOU AND JACKSON, COULD BE BEFORE YOUR MARCH 7 TESTIMONY. THE PURPOSE WOULD BE TO TRANSMIT THE SIGNALS ON "THE LINK" AND ON "FLEXIBILITY". IN OTHER WORDS, A MEETING IN WHICH YOU BOTH "AGREE TO AGREE," WITHOUT NECESSARILY REACHING A SUBSTANTIVE AGREEMENT. IF THAT COULD OCCUR SO THAT JACKSON COULD THEN TELEGRAPH HIS FEELING THAT AN AGREEMENT WAS POSSIBLE, THIS COULD HELP PREVENT A CONFRONTATION OR HARDENING.

5) IN PLACE OF SUCH A MEETING, OR IN ADDITION TO IT, WE STRONGLY URGE THAT YOUR TESTIMONY BEFORE THE COMMITTEE MAKE THE IMPORTANT ARGUMENTS IN FAVOR OF DETENTE AND BETTER ECONOMIC RELATIONS WITH THE SOVIET UNION, BUT INCLUDE THE SIGNAL ON THE "LINK" AND "FLEXIBILITY". WE HAVE PARTICIPATED IN THE PREPARATION OF SOME PARAGRAPHS FOR YOUR DRAFT TESTIMONY (PREVIOUSLY FORWARDED TO YOU) TO THIS EFFECT. IF THOSE PARAGRAPHS ARE NOT PARTICULARLY APPEALING TO YOU, I WOULD HOPE THAT YOU MIGHT GIVE ME THE OPPORTUNITY OF COUNSELING ON WHATEVER LANGUAGE YOU CHOOSE FINALLY TO INCLUDE IN YOUR TESTIMONY.

WE ARE PREPARING A MEMORANDUM WHICH DEALS WITH THE VARIOUS POSSIBILITIES FOR RESOLUTION OF THE JACKSON-VANIK LIMITATIONS FOR DISCUSSION BETWEEN YOURSELF AND SENATOR JACKSON. SUCH POSSIBILITIES WILL INCLUDE STATUTORY LANGUAGE,

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LEGSLATIVE HISTORYN OR SOME COMBINATION. WE WILL CONTINUE TO WORK WITH SENATOR JACKSON'S STAF AND OTHER PERSONS RELATED TO THIS ISSUE, SO AS TO BE ABLE TO LEARN AS MCH AS WE CAN ABOUT THE PBSIBLE "PARAMETERS" OF A RESOLUTION OF THIS ISSUE, AND WE ARE PREPARING ANGENDA R A POSSIBLE MEETING BETWEEN YOURSELF AND SENATOR JACKSON. I BELIEVE IT IS DESIRABLE THAT WE HAVE A ESSION WITH YOU ON THIS RATHER PROMPTL.